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DECLARATION OF THE MINISTERIAL MEETING OF THE LEAST DEVELOPED COUNTRIES MIDRAND, SOUTH AFRICA 1 MAY 1996

Note by the UNCTAD secretariat

On behalf of the least developed countries, the Chairman of the Ministerial Meeting of the Least Developed Countries has requested that the attached declaration, adopted by the least developed countries' Ministers at their meeting on 1 May 1996, be circulated to the ninth session of the United Nations Conference on Trade and Development.

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DECLARATION OF THE MINISTERIAL MEETING OF THE LEAST DEVELOPED COUNTRIES

1. The Ministers of the least developed countries, participating in the ninth session of the United Nations Conference on Trade and Development, held in Midrand, South Africa, reaffirmed their commitment to the cause of sustained growth and sustainable development in an increasingly globalizing and liberalizing world economy. UNCTAD IX, taking place in the wake of major global conferences, must find new and imaginative ways to respond to the challenges facing the developing countries. They stressed that the decline in the economic performance of LDCs and consequent deepening of poverty and environmental degradation pose major challenges to the international community. They drew attention to the fact that as many as one third of the least developed countries suffer from civil strife and military conflicts and urged that the international community adopt urgent measures to resolve these conflicts so that these countries can resume the process of development and growth.

2. The Ministers stated that the LDCs confront the processes of globalization and liberalization from a position of disadvantage. In the short run, the processes of globalization and liberalization will do little to arrest LDCs' trend towards marginalization; on the contrary, it is feared that these forces may well accentuate it. Enhanced access to expanding global markets requires efficient production structures capable of meeting increasingly exacting demand in terms of quality, cost and delivery structures on international markets. These requirements contrast sharply with the salient characteristics of the LDCs' export sector: serious lack of diversification, exacerbated by widespread shortages of entrepreneurial and managerial skills, technological capacities, physical infrastructure and support services such as finance, marketing and insurance.

3. The Ministers reaffirmed the unique role of UNCTAD, as the focal point at the global level for the monitoring, follow-up and review of the implementation of the Programme of Action and called upon UNCTAD to continue to give high priority to issues pertaining to LDCs. The Ministers called upon UNCTAD in cooperation with other organs and agencies of the United Nations system to ensure effective implementation of UN-NADAF. They emphasized that the Trade and Development Board should continue to conduct the annual review of progress in the implementation of the Programme of Action using the annual LDC Report as the background document. The LDC Report, which contains useful information and analysis and focuses exclusively on the development problematique of the LDCs, should be continued.

4. The Ministers recalled the Paris Declaration and Programme of Action, in which the international community collectively committed itself to reversing the deterioration in the economic, social and ecological situation of the LDCs. The Ministers acknowledged that the LDCs, which have primary responsibility for their own development, will continue to implement economic reform programmes in line with the Programme of Action and the recommendations of the Mid-term Global Review on the Implementation of the Programme of Action for the LDCs for the 1990s. At the same time, they underscored that the development challenges facing LDCs are formidable and cannot be adequately addressed without effective and sufficient support measures by the

international community. Such support requires substantial strengthening in all areas, in particular trade, financing and debt with a view to enabling LDCs to cope with the challenges of globalization and liberalization.

5. The Ministers noted that the implementation of the Uruguay Round Agreements will involve significant transitional costs for the least developed countries. Erosion of trade preferences and higher bills for the import of food, pharmaceuticals and essential capital goods will create serious difficulties for these countries. The implementation of the Marrakesh Declaration and the Ministerial Decisions in favour of least developed countries are of crucial importance in this regard. The Ministers called for the establishment of a safety net to help LDCs to cope with the adverse effects of the implementation of the Uruguay Round Agreements and to better integrate themselves into the international trading system. The Singapore Ministerial Meeting of the World Trade Organization should consider taking some new initiatives in favour of the least developed countries.

6. The Ministers recognized that in the longer run, globalization and liberalization might give rise to new opportunities for LDCs. However, translating potential opportunities into tangible gains will require major improvements in LDCs' capacities to produce internationally competitive goods and services, which are unlikely to occur unless domestic policies backed by international support are sharply focused on overcoming supply-side deficiencies in LDCs. Particular attention should be given to assisting the land-locked developing countries to overcome their structural and geographical handicaps. The island least developed countries, which continue to face particular problems arising from their smallness, insularity and remoteness from the major economic centres warrant particular attention and support from the international community.

7. The Ministers noted with deep concern that the donors' aid performance has fallen far short of the commitments in the Programme of Action and that the ODA/GNP ratio for DAC countries as a group actually declined from 0.09 per cent in 1989 and 1990 to 0.07 per cent in 1994. Moreover, the share of LDCs in the aid programmes of the DAC donors has been declining in recent years. The Ministers urged their development partners to make special efforts to improve aid allocations to LDCs with a view to providing them with a substantial increase in the level of external financial resources in line with the commitments undertaken in the Programme of Action and at the Mid-term Global Review. They commended those development partners who have continued to meet the ODA targets and increased their aid to LDCs.

8. The Ministers noted with great concern the uncertain resource situation of the multilateral financial institutions and organizations which provide a significant part of LDCs' external financing. In this regard, they welcomed the recent agreement on the provision of resources to IDA during the eleventh replenishment period and called for generous replenishment also of the African Development Fund and the Asian Development Fund, for a strengthening of the resource base of UNDP and other grand-based multilateral programmes and for timely implementation of the Special Initiative on Africa. The Ministers emphasized that the operational funds and programmes of the United Nations system should allocate increased resources for the LDCs in order to accelerate their socio-economic development.

9. The Ministers noted that the LDCs' external debt-service burden remains extremely high and far exceeds the debt-servicing capacity of many LDCs. Although LDCs have benefited from various debt relief measures, these measures have proved to be inadequate in reducing their debt overhang. The Ministers appealed for full cancellation of all bilateral official debt as well as urgent and effective measures for substantial reduction of LDCs' debt stock and debt-service burden for debt owed to multilateral financial institutions and commercial creditors. They invited the Bretton Woods institutions to expedite the putting in place of new initiatives to address the issue of multilateral debt.

10. The Ministers expressed strong support of the United Nations System-Wide Special Initiative on Africa. They stated that this initiative will complement efforts already under way in the context of the UN-NADAF and urged the international community to strongly support the Programme with a full complement of technical and financial resources.

11. The Ministers underlined the need for an appropriate intergovernmental machinery to address LDC issues in an effective manner. They appreciated the UNCTAD Secretary-General's initiative in favour of LDCs, noted with interest his proposal to establish a trust fund for LDCs, and accordingly urged him that the Division for Least Developed Countries in UNCTAD should be strengthened at the level of resources allocated by the United Nations General Assembly. In this connection, the Ministers warmly welcomed the expression of support by the Secretary-General of the United Nations and other Ministers and Heads of delegations at UNCTAD IX in favour of LDCs.

12. The Ministers noted that the General Assembly in its resolution 50/123 of 20 December 1995 recalled that at the end of the decade, a global review and appraisal of the implementation of the Programme of Action for the 1990s will be carried out and that the General Assembly will consider, at its fifty-second session, the holding of a third United Nations Conference on the Least Developed Countries.

13. The Ministers drew attention to the opportunity provided by the forthcoming G-7 Summit in Lyon, France, in June and urged the Heads of State and Government attending the Summit to consider the measures necessary to enhance aid flows and provide greater debt relief for the least developed countries. In this connection, they requested the Government of Bangladesh, in its capacity as Coordinator of the LDCs, to bring to the attention of the Summit issues of particular concern to LDCs and the required concrete international support measures.